Distr.
GENERAL

IDB.27/SR.4
11 September 2003

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Twenty-seventh session

SUMMARY RECORD OF THE 4th MEETING

Held at the Vienna International Centre, Vienna,
on Wednesday, 27th August 2003, at 3 p.m.

President: Mr. GONZALEZ ANINAT (Chile)
later: Mr. EL-LAITHY (Egypt)
later: Mr. GONZALEZ ANINAT (Chile)

CONTENTS

Agenda item		*Paragraphs*
6	Implementation of medium-term programme framework, 2002-2005)	
	(a) Update on preparations for the biotechnology forum)	1 - 88
	(b) Field representation)	
7	Medium-term programme framework, 2004-2007)	
8	International Centre for Science and High Technology	89 - 94

This record is subject to correction.

Corrections should be submitted in one of the working languages, set forth in a memorandum and/or incorporated in a copy of the record. They should be sent to the Chief, Conference Management Service, room D0708.

In accordance with the rules of procedure of the Board, corrections may be submitted within seven days of the receipt of the record or of the closure of the session, whichever is later. Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued after the end of the session.

V.03-87687 (E)

The meeting was called to order at 3.15 p.m.

IMPLEMENTATION OF MEDIUM-TERM PROGRAMME FRAMEWORK, 2002-2005, (IDB.27/17; IDB.27/CRP.6 and CRP.8)

(a) **UPDATE ON PREPARATIONS FOR THE BIOTECHNOLOGY FORUM** (IDB.27/15; IDB.27/CRP.10)

(b) **FIELD REPRESENTATION** (IDB.27/21; IDB.27/CRP.9)

MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007 (IDB.27/14; IDB.27/CRP.8)

1. **Mr. MORENO** (Italy), speaking on behalf of the European Union (EU) and the acceding and associated countries, said that document IDB.27/17 demonstrated the wide range of activities carried out by UNIDO under the medium-term programme framework, 2002-2005. However, the EU would have welcomed the inclusion of performance indicators. It attached particular importance to UNIDO's work on facilitating market access, or trade capacity building, and hoped that the informal consultative group that had been established would help the Organization to increase its effectiveness. The EU looked forward to receiving further details of the ongoing discussions with the World Trade Organization (WTO) on a joint programme of technical cooperation.

2. The EU thanked the Director-General for document IDB.27/CRP.10, providing further information on the preparatory process for the Global Biotechnology Forum to be held in March 2004, but regretted that the details concerned had not been made available before the beginning of the session. In view of the importance of the regional preparatory meetings to be held in Europe and Asia, the EU asked the Secretariat to consider whether they might be moved to an earlier date. It requested that regional conference documentation should be distributed as soon as possible and that the Director-General should hold a briefing on the subject no later than the second half of September 2003. UNIDO's participation in the Forum should be focused on its mandate, with a view to contributing to the Millennium Development Goals, and the Forum should have realistic objectives and produce useful outcomes related to that mandate, in line with United Nations General Assembly resolution 57/237. The EU also considered that the question of the kind of final document to be issued by the Forum should be addressed as a matter of urgency.

3. With regard to field representation, the EU urged the Director-General to pursue the decentralization process through a consolidation of pertinent divisions at headquarters and a transfer of authority to the field at both programme level, for example through the appointment of UNIDO Representatives as team leaders of integrated programmes and country service frameworks, and at the organizational level, in terms of a more appropriate field presence.

4. In view of existing budgetary constraints, the EU welcomed the fact that upgrading of the Mexico country office to a regional office would lead to a reduction in the number of country offices in 2003, and urged the Director-General to include the newly opened field offices in Morocco and South Africa in his deliberations regarding the gradual conversion of country offices into regional and subregional offices. It welcomed the decision to further decentralize Professional posts to the field, where that would improve the delivery of technical cooperation.

5. The quality of UNIDO Representatives had a considerable influence on the Organization's reputation in the field. Increasing the authority and responsibilities of field staff would help to persuade Headquarters staff that a field posting was a positive move and recognition of excellent performance. The EU therefore welcomed the decision to delegate more programmatic authority to UNIDO Representatives.

6. It encouraged UNIDO vigorously to pursue its policy of increased networking of field offices with Investment and Technology Promotion Offices, National Cleaner Production Centres and Sub-contracting and Partnership Exchanges. The field structure could also benefit from closer integration of United Nations system field offices. Increased cooperation with the private sector was welcome in that context. With regard to the proposals of the Joint Inspection Unit (JIU) in that regard and the Director-General's response, the EU would welcome a full discussion of the matter in preparation for the General Conference session.

7. The EU welcomed the systematic adjustment of integrated programmes and country service frameworks, in close cooperation with the countries concerned, to take account of funding expectations and implementation experience. It hoped that the Comptroller General's office would give priority to further elaboration and improvement of an indicator framework in that regard.

8. The EU supported the Director-General's preliminary proposals for the medium-term programme framework, 2004-2007, and looked forward to the comprehensive proposals to be prepared for the General Conference, taking into account recommendations by JIU and the External Auditor. It was confident that they would be in line with the Business Plan and the strategic guidelines adopted at the last session of the Board (decision IDB.26/Dec.7 to improve UNIDO

responsiveness to the needs of developing countries, especially the least developed countries (LDCs). They should also reflect the challenges set by the Millennium Development Goals, especially those that were in line with UNIDO's comparative advantages and ensured high "added value". The EU also encouraged UNIDO to give increased attention to the development needs of Africa as set out, in particular, in the NEPAD (New Partnership for Africa's Development) initiative.

9. The EU hoped that the corporate strategy being developed by the Director-General would incorporate a clear long-term vision for the Organization and would be available in time to allow Member States to discuss it prior to the General Conference session. It broadly supported the "thematic initiatives" concerning market access facilitation and the promotion of rural energy for productive use, and looked forward to receiving documents in due course relating to the third initiative, on post-crisis industrial rehabilitation. It welcomed the Director-General's statement in response to JIU that there was little likelihood of further initiatives being launched in the foreseeable future. Several EU countries had contributed to the relevant trust funds. They hoped that the successful implementation of funded projects would encourage additional funding. Practical technical assistance in the context of the initiatives should continue to be based on UNIDO's mandate and comparative advantage. The EU expected the informal consultative group on market access facilitation to make a useful contribution to the initiative and looked forward to the presentation of positive inputs to its next meeting.

10. The EU appreciated the Director-General's detailed account of activities related to the Global Environment Facility (GEF) and the Montreal Protocol, which indicated more stable cooperation between UNIDO and its partners. It encouraged the Organization to explore ways of reinforcing its cooperation with EU partners on industrial development issues and to examine the most appropriate way of organizing its liaison activities with the Union.

11. It also recognized UNIDO's efforts to strengthen inter-agency cooperation to improve the coordination of technical assistance delivery. It encouraged the Organization to continue to seek closer contacts with other international development actors, especially through support for relevant multi-stakeholder partnerships in the World Summit on Sustainable Development (WSSD) process. It also supported the inclusion of the private sector in the "business partnership programme" and UNIDO's work on "corporate social responsibility".

12. The EU welcomed the naming of UNIDO as the fifth core agency of the United Nations system in the Global Compact initiative as further acknowledgement of its SME expertise. It expected to be kept informed of developments in respect of the initiative.

13. **Mr. URRUELA PRADO** (Guatemala), speaking on behalf of the Group of 77 and China, expressed support for UNIDO's thematic initiatives relating to market access facilitation, the development of rural energy for productive use and assistance in post-crisis recovery and rehabilitation. He took note of the informal consultative group established to help in the implementation of the first initiative. He hoped that such activities would remain targeted at assisting the developing countries in meeting their development needs.

14. He supported UNIDO's efforts to strengthen links between its investment promotion activities and its environment and energy services, and the measures being taken to promote cooperation with development financing institutions and national and regional equity funds. He also supported the policy of taking into account the special needs of small and medium enterprises (SMEs), and the programmes to promote rural and women's entrepreneurship. The business partnership programme, the technology foresight programme and the promotion of South-South co-operation to facilitate transfer of appropriate technology were important in strengthening the industrial capacity of developing countries. The promotion of environmentally sustainable development strategies and technologies for the food, textile, leather, wood and agro-machinery sectors also deserved support.

15. He took note of the important activities being undertaken in connection with the GEF and the Montreal Protocol.

16. While recognizing the importance of global forum activities, he emphasized that such activities should be clearly focused on facilitating technical cooperation delivery. He trusted that UNIDO's active role in major development conferences would assist in meeting that objective.

17. He welcomed the launching of the "Industrial Development Report 2002/2003", which had generated interest among Governments, industry and support institutions.

18. The Global Biotechnology Forum, to be held in Chile in March 2004, which would bring together a wide range of representatives of the public and private sector, civil society and individuals, would promote the efficient transfer of biotechnology towards sustainable industrial development and the industrialization of developing countries. Successful regional preparatory meetings had been held in Africa and Latin America and the Caribbean. He encouraged the Secretariat to

press ahead with its preparations for the Asian regional meeting.

19. Field offices had a pivotal role to play in achieving UNIDO's overall objectives. They should take into account diverse regional situations and specific country needs while respecting the Organization's Business Plan and medium-term programme framework and the strategic guidelines adopted at the last session. Fund mobilization was an important responsibility, and field representatives should both act as catalysts and bring together stakeholders for industrial development. The UNIDO Exchange network should provide a more proactive platform for promotional and information activities.

20. He noted the revised proposals for the medium-term programme framework, 2004-2007, and expressed the hope that the ongoing review of technical cooperation delivery services would soon be completed and would lead to improved integration of programmes with the Organization's objectives, priorities and guidelines. He noted that the existing eight service modules would continue to provide the framework for UNIDO's services.

21. He called on the Director-General to promote initiatives pertaining to market access, development of rural energy and assistance in post-crisis recovery and rehabilitation. UNIDO should provide further assistance for the development of rural and women's entrepreneurship and foster the eradication of poverty. It should continue to build partnerships between the public and private sectors with a view to effective implementation of technical cooperation plans.

22. **Mr. LAL** (India), speaking on behalf of the Asian Group, said that the Group took note of the thematic initiatives pertaining to market access facilitation, development of rural energy for productive use and assistance in post-crisis recovery and rehabilitation, as well as of the informal consultative group on the first of those initiatives. It hoped that the activities concerned would remain focused on providing specialized assistance to developing countries in meeting pressing development needs. The Group supported UNIDO's efforts to strengthen links between its investment promotion activities and its environment and energy services as well as the measures to enhance cooperation with development financing institutions and national and regional equity funds. It welcomed the policy of taking into account the special needs of SMEs and supported the Organization's intention to give more weight to supporting rural and women's entrepreneurship. The business partnership programme, the technology foresight programme and the promotion of South-South cooperation to facilitate transfer of appropriate technology were important in strengthening developing countries' industrial capacity.

23. With regard to the aim of further development of cleaner production activities focused on UNIDO/UNEP (United Nations Environment Programme) National Cleaner Production Centres, the Group believed that the promotion of cleaner and advanced fossil-fuel technology and renewable and alternative sources of energy, especially in rural areas, of capacity-building measures for greenhouse gas reduction mechanisms and of environmentally sustainable development strategies and technologies for the food, textile, leather, wood and agro-machinery sectors were also commendable programme activities.

24. Cooperation with GEF would assist in the transfer of environmentally sound technology. The Group took note of UNIDO's activities related to the Montreal Protocol, which would cover a range of sectors in 27 countries in 2003.

25. While global forum activities were important, such activities should be focused and undertaken on a selective basis with the clear objective of facilitating the mobilization of funds and know-how needed for technical cooperation delivery. It trusted that UNIDO's role in major development conferences would help in meeting that objective.

26. The Group welcomed the launching of the "Industrial Development Report 2002/2003", which had generated interest among Governments, industry and support institutions.

27. Regional consultative meetings for the Global Biotechnology Forum had been held in Brazil and Kenya, and the Group urged that discussions on the venue and timing of the Asian regional meeting should be expedited. Such forums and emerging knowledge networks opened up opportunities for South-South cooperation. UNIDO had a long track record of promoting biotechnology for sustainable development and had been instrumental in the establishment of the International Centre for Genetic Engineering and Biotechnology (ICGEB) in the mid-1980s.

28. Effective decentralization and strengthened field representation would lead to timely and efficient service delivery with greater impact on the ground. Further decentralization of Professional posts from Headquarters to the field and the establishment of an improved rotation policy were needed. The Group took note of the ongoing efforts to build up field office capacity, to increase networking with Investment and Technology Promotion Offices and National Cleaner Production Centres and to improve access to headquarters information.

29. With regard to the medium-term programme framework, 2004-2007, the Group hoped that the ongoing review of technical cooperation services would

lead to improved integration of programmes with the Organization's objectives, priorities and guidelines. It also hoped that the organizational and programmatic transformation of UNIDO would lead to increased focus, efficiency and effectiveness in its work. In the light of the two central objectives of the Business Plan—strengthening industrial capacities and striving for cleaner and sustainable industrial development—the Organization's policy should be geared towards responding to a constantly changing international economic environment and to the special needs of its client countries.

30. The Group noted that the existing service modules would continue to provide the framework for UNIDO services.

31. **Mr. URRUELA PRADO** (Guatemala), speaking on behalf of the Latin American and Caribbean Group (GRULAC), said that the Group was pleased to note that the Secretariat had taken into account the strategic guidelines endorsed by the Board in decision IDB.26/Dec.7 in implementing the medium-term programme framework, 2002-2005. GRULAC took it that those guidelines and UNIDO's Business Plan would inform the strategy for adoption of the medium-term programme framework, 2004-2007.

32. In terms of content, the Group considered that biotechnology and technology foresight were core constituents of UNIDO's mandate and directly related to most current programmes. Cleaner and sustainable industrial development was a further priority and GRULAC took note of progress in the cleaner production programme in a number of countries in the region. The interest in establishing, coordinating and facilitating official international and regional cleaner production networks had been demonstrated at the regional meeting in Havana in March 2003, which had decided to establish a network for Latin America.

33. GRULAC commended the preparatory work undertaken by Chile, the host country, and UNIDO for the Global Biotechnology Forum to be held in March 2004, which promised to be an important event for the developing countries. The Group hoped that it would make a constructive contribution to the efficient and effective transfer of biotechnology in support of the sustainable industrial development of the developing countries. It thanked the Government of Brazil for its excellent organization of the preparatory meeting in July 2003 for Latin America and the Caribbean, which had also been attended by prominent figures from the international scientific and academic world. The Group requested the Secretariat to submit a report on its results as soon as possible and to press ahead with preparatory work for the Forum so that it fomented an exchange of ideas from which the entire international community could benefit.

34. With regard to field representation, GRULAC welcomed the conversion of UNIDO's office in Mexico into a regional office covering the countries of Central America and the Caribbean. It hoped that the three regional offices in Latin America and the Caribbean would be allocated sufficient human and financial resources to ensure effective decentralization.

35. GRULAC welcomed the creation of an informal consultative group on trade capacity building to advise UNIDO on assisting developing countries in strengthening their productive capacity, especially in terms of quality and standards, to facilitate access to world markets.

36. *Mr. El-Laithy (Egypt), Vice-President, took the Chair.*

37. **Mr. WOLDE** (Ethiopia), speaking on behalf of the African Group, expressed support for the Government of Chile's work in preparing for the Global Biotechnology Forum to be held in Concepción in March 2004. The Group welcomed the work of the regional preparatory meetings held, and commended UNIDO on all essential briefing sessions that had been arranged in connection with the Forum.

38. The Group attached great importance to field offices and the staff assigned. It strongly supported the Secretariat's efforts to improve service delivery both at Headquarters and in the field, and welcomed the steps taken to optimize the field offices and delegate authority to them, with a view to improving operations and programme implementation. It trusted that the envisaged opening of new offices on the African continent reflected an integrated strategy to further the Millennium Development Goals. It would appreciate more information on the proposal to compensate the cost of the creation of the new offices by the reduction of five posts in the regional offices (IDB.27/21, para. 15).

39. With regard to the medium-term programme framework, 2004-2007, the Group commended the Director-General for including new initiatives aimed at enhancing the development of rural energy for productive use. It welcomed UNIDO's efforts to broaden the scope of industrial development in developing countries, including specialized support for small and medium enterprises and the attempt to offer customized responses to the needs of Member States. UNIDO should further seek to assist rural and women's entrepreneurship development and foster the eradication of poverty, and should continue to build partnerships between the public and private sectors with a view to the implementation of technical cooperation plans.

40. Lastly, the Group urged UNIDO to cooperate fully with the International Centre for Science and High

Technology (ICS), and would welcome regular information in that regard in terms of outputs and their impact on the developing countries and countries with economies in transition.

41. **Ms. KAYIHAN-ERCIN** (Turkey) welcomed UNIDO's efforts to coordinate with other international agencies to define and focus its interventions in support of industrial development for market access, and took note of the memorandum of understanding between UNIDO and WTO related to the joint programme of technical cooperation. With regard to SME development and its impact on poverty alleviation, Turkey would be grateful for more information on the global training course on SME cluster development being formulated with the International Labour Organization (ILO) Training Centre at Turin. It was gratifying that UNIDO had been named the fifth core agency for the Global Compact and Turkey was confident that the Organization would make a useful contribution in that regard through its expertise in SMEs. Noting the importance of results-based management in maintaining effectiveness, Turkey urged the Secretariat to make use, as far as possible, of performance indicators in the formulation of the medium-term programme implementation report.

42. With regard to the preparations for the Global Biotechnology Forum, she requested the Secretariat to send out the invitation and documents for the regional meeting for Europe to be held during the tenth session of the General Conference as soon as possible, to encourage the widest possible participation.

43. On the subject of field representation, she said that the development of suitable performance indicators for integrated programmes and country service frameworks would contribute to the overall quality of services provided by UNIDO. The decision to pursue a systematic process for the adjustment of integrated programmes and country service frameworks was a welcome development and Turkey looked forward to further information in that regard. She noted from document IDB.27/21 that a proposal was being developed to streamline the field office network structure, taking into account factors including the greater demand for a UNIDO field presence. The effectiveness of UNIDO's field presence depended to a large extent on adequate levels of financing and the availability of qualified staff, and Turkey was pleased to note that UNIDO was seeking to minimize vacancies, further decentralize Professional posts from Headquarters to the field and establish an improved rotation policy. The systematic approach in the networking of field offices, Investment and Technology Promotion Offices and National Cleaner Production Centres was welcome.

44. Turning to the medium-term programme framework, 2004-2007, Turkey was pleased to note that the formulation of proposals would be based on the Business Plan and the strategic guidelines, while the precise content of the medium-term programme framework would depend on the outcome of the review process relating to technical cooperation and global forum activities and the field structure. The outcome of the review should be made available to facilitate evaluation of the programme framework. Turkey noted with satisfaction that UNIDO would be giving due attention to the evolving objectives and priorities of the international development agenda; the Organization should focus on LDCs and on Africa in particular. The thematic initiatives could provide tangible benefits to developing countries provided that they were carefully evaluated in terms of resource availability and the principles of comparative advantage. She noted that the aim of the thematic initiatives on market access, rural energy and post-crisis industrial rehabilitation was to create momentum across geographical boundaries and programmes. Turkey looked forward to receiving detailed information on the thematic initiative related to industrial rehabilitation of countries emerging from crisis situations, being piloted with a regional project for the rehabilitation of industrial enterprises in Afghanistan.

45. *Mr. González Aninat (Chile), President, resumed the Chair*

46. **Mr. SATO** (Japan) welcomed UNIDO's close cooperation with other international agencies with a view to focusing its activities in support of industrial development for market access, and noted the discussions in progress on a joint UNIDO-WTO technical cooperation programme. Japan hoped that UNIDO would play a significant role as the fifth core agency of the Global Compact responsible for small and medium enterprises (SMEs). It was pleased to note that UNIDO had invited relevant international organizations to participate in the International Steering Committee for the planning of the programme for the Global Biotechnology Forum and agreed that the Forum should focus on areas where UNIDO had a long-standing track record, for example the agri-food sector.

47. With regard to field representation, he said that Japan was following with interest the steps taken enabling regional bureaux and field offices to play a more proactive role in programme development and implementation, and looked forward to receiving information on the experience gained from the pilot cases in Latin America and the Caribbean, Europe and the newly independent States (NIS). While the proposals regarding the decentralization process contained in the Director-General's report (IBD.27/21) were reasonable, they should be improved further, particularly as budgetary constraints were expected in the future. Clearer timetables for the anticipated actions would also have been helpful.

48. Turning to the medium-term programme framework, 2004-2007, Japan commended UNIDO's efforts to comply with the stipulations of the strategic guidelines and looked forward to the comprehensive proposal to be presented at the General Conference.

49. UNIDO should continue to play its role in the effective implementation of the Brussels Declaration and Programme of Action adopted for the LDCs for the decade 2001-2010. The call for increased use of global funds, within the scope of UNIDO's mandate in the strategic guidelines, was highly relevant in that regard with a view to meeting the needs of the LDCs, as well as of other developing countries and countries with economies in transition.

50. **Ms. SOEHARSO** (Indonesia) expressed hope that the ongoing review of technical cooperation would be completed on the basis of the Business Plan and the strategic guidelines adopted at the last session, with a view to better integration of programmes and the highlighting of areas where comparative advantages existed. In the interests of continuity, UNIDO's services should continue to be provided within the framework of the eight service modules established under the medium-term programme framework for 2002-2005. Particularly important were agro-industries, small business development and investment and technology promotion in that regard. Her country supported UNIDO's efforts, through technical cooperation activities, to increase value added and enhance productive capacities for industries of importance to developing countries including the food, textile, leather and wood industries. Assistance should also focus on strengthening capacity-building in relation to technical regulations and standards to facilitate market access.

51. SMEs played an important role in reducing poverty, and UNIDO should continue to provide services in the area of small business development. Although the SME sector was relatively resilient in coping with global economic development, it faced some major challenges, including heavy reliance on trading or distribution intermediaries. Indonesia fully supported UNIDO's continued efforts to strengthen the capacity of SMEs in developing countries, which it hoped could be enhanced further through technology-based intervention.

52. Her delegation would support the continued use of integrated programmes and country service frameworks, and the development of thematic initiatives to address particular developmental challenges. Welcoming the efforts to strengthen supply capacities in developing countries, she said that UNIDO had an important role to play with respect to issues concerning trade and market access facilitation. Indonesia supported initiatives to enhance institutional capacity building and to overcome technical barriers to trade. The importance of standards and technical regulations would continue to grow, and UNIDO could play an increasing role in helping developing countries to upgrade their productive capacities in line with internationally recognized standards.

53. Lastly, Indonesia looked forward to the comprehensive proposal for the medium-term programme framework, 2004-2007, taking into account the UNIDO review process and the evolving international development agenda, to be presented to Member States at the forthcoming session of the General Conference.

54. **Mr. HARASIC** (Chile) expressed appreciation for the support received for the Global Biotechnology Forum to be held in Concepción, in his country. Recalling Board decision IDB.26/Dec.8, he said that the Forum had been widely supported by the Member States of UNIDO. Moreover, in its resolution 57/237, the United Nations General Assembly had invited the Director-General of UNIDO to include in his report to the Assembly a section on the outcomes of the Forum; that attested to the importance of the event. Chile was making every effort to ensure that the Forum would be a success and would contribute to the attainment of the Millennium Development Goals. The event would provide an opportunity for an in-depth analysis of the impact of biotechnology on developing countries and on countries with economies in transition, and would highlight the importance of the new technologies.

55. His Government was grateful to the Governments of Kenya and Brazil for organizing regional preparatory meetings for the Forum in Africa and Latin America and the Caribbean, and looked forward to the preparatory meetings for Asia and Europe. It was to be hoped that substantive proposals would be put forward reflecting a clear commitment to development.

56. Two members of his delegation were from Concepción and would be able to provide more detailed information on the preparations for the Forum.

57. **Mr. ELGUETA** (Chile) said that the Global Biotechnology Forum was to be held in the Bío Bío region of Chile, which had a population of approximately two million, and an economy based primarily on forestry, fishing and energy production. Biotechnology was considered to be a crucial area for regional development, and a biotechnology programme had been established to provide training and raise public awareness of the importance of biotechnology. A technical and planning commission and a logistics and economic commission had been set up for the organization of the Forum. A new convention centre (Sur Activo) was under construction for the Forum and would be inaugurated in October 2003. Other organizational aspects being addressed included accommodation, security, transport and cultural activities, and information was available on a specially

designed website. A private organization, the Regional Institute for the Administration of Enterprises (IRADE), which represented more than 50 companies and had extensive experience in such events, was assisting with the management of the Forum.

58. **Mr. MOISAN** (Chile) said that IRADE, of which he was the manager, was responsible for the financial management of the event, for general supervision of the producer who would be in charge of logistics and for providing support to the Executive Commission of the Forum. A national competition had been held to select the producer, and a company called "CMC", which had extensive experience in international congresses, had been chosen. The contract with the producer covered 18 items, including promotion of the Forum, organization of the convention centre and general logistical support, design of the hotel reservation system and transport systems.

59. **Mr. RODRIGUEZ CHACON** (Peru), referring to agenda item 6, said that the medium-term programme framework, 2002-2005, provided the basis for UNIDO to adapt to changes in the international economic situation and to promote appropriate technical cooperation initiatives. The strategic guidelines "Towards improved UNIDO programme delivery" (Board decision IDB.26/Dec.7) played an important role in its implementation. Priority areas such as South-South cooperation, measures to promote technology foresight activities, support for industrial development strategies and technologies in agro-industry, promotion of technology transfer, particularly in the areas of agriculture and biotechnology, and assistance to SMEs must be further developed by UNIDO in the coming years. In view of its biodiversity, Peru regarded biotechnology as one of its national development priorities. The Global Biotechnology Forum scheduled for 2004 was therefore an important event for Peru, as reflected by its active participation in the regional preparatory meeting held in Brazil.

60. He noted with satisfaction the restructuring of the field office in Mexico and hoped that UNIDO would assign offices in the region the resources required for their work. He also expressed appreciation of the work being done by the informal consultative group on trade capacity building.

61. With regard to agenda item 7, he said that the medium-term programme framework, 2004-2007, must be based on the Business Plan, the strategic guidelines adopted at the last session and other relevant documents, but leave scope for any adjustments that might be required to focus UNIDO's technical cooperation activities on areas which enhanced its comparative advantages.

62. **Mr. YEPES ALZATE** (Colombia) thanked Chile for its presentation on the Global Biotechnology Forum and pledged Colombia's support for that important event, which would undoubtedly be extremely beneficial for UNIDO, for developing countries and for the Latin American region in particular.

63. Referring to agenda item 6 (b), he said that Colombia was in favour of decentralizing the Organization, which would bring it closer to the real problems encountered in the industrialization process on the ground. The use of local human resources would give countries a sense of greater involvement in programmes. He welcomed the Director-General's decision to upgrade Mexico's country office to a regional office covering Central America and to reorganize the three offices in Latin America and the Caribbean. Taking into account the information presented by the Secretariat, he urged that the regional offices should be provided with sufficient well-qualified staff and their directors given the decision-making power required to implement the activities assigned to them. Otherwise, those offices would be unable to fulfil their purpose and UNIDO would miss an opportunity to establish its position in the United Nations system.

64. **Ms. UDVARHELYI** (Hungary), referring to agenda item 6, said that the first Technology Foresight Summit, held in Budapest from 27 to 29 March 2003, had been organized in close cooperation with UNIDO and had been co-financed by the Governments of Hungary and Austria. As a major component of the Regional Initiative on Technology Foresight for Central and Eastern Europe (CEE) and the Newly Independent States (NIS), the Summit had been planned as a flagship event to respond to the region's needs for development opportunities and to bring a focus more oriented to technology and innovation to national and regional decision-making. It had provided a platform for policy makers, business leaders and heads of research institutions to exchange ideas about development opportunities and challenges in the region. The programme of the Regional Initiative for 2003 and 2004 was currently under preparation. In line with the recommendations of the Regional Conference on Technology Foresight for CEE and NIS, held in Vienna in 2001, UNIDO was developing training capabilities on technology foresight at selected institutions in the region. The activity was based on four modules aimed at organizers of foresight, practitioners, decision makers and the business sector respectively. The first module had been hosted by the Budapest University of Economic Sciences and Public Administration.

65. As a result of the Technology Foresight Summit in Budapest, several Member States had decided to launch a national technology foresight programme. As a

participatory process which gathered intelligence and shaped visions for the medium to long term, technology foresight could be a very useful instrument for keeping decision makers well informed and mobilizing concerted action. Both the organizers and the participants were satisfied with the outcome of the Summit and the Government of Hungary stood ready to host such an event on a regular basis. Given Hungary's positive experience of the Regional Initiative, it looked forward to further cooperation with UNIDO and Member States and called upon the latter to participate actively too.

66. **Mr. LAL** (India), referring to agenda item 6, recognized the importance of global forum activities in raising UNIDO's profile. He hoped that the recently launched thematic initiatives and the informal consultative group on trade capacity building would focus on the mobilization of funds and know-how in providing assistance to developing countries. He supported steps being taken to enhance cooperation with development financing institutions and equity funds and commended UNIDO's approach based on taking the special needs of SMEs into account.

67. He took note of preparations under way for the Global Biotechnology Forum, including regional consultative meetings. He expressed appreciation of UNIDO's continuing efforts to promote biotechnology for sustainable development. In the mid-1980s, the Organization had been instrumental in the establishment of the International Centre for Genetic Engineering and Biotechnology (ICGEB), which should be closely involved in preparations for the Forum. Regarding field representation, he said that further decentralization of Professional posts from Headquarters to the field and the establishment of an improved rotation policy were required. He took note of efforts to that end, as outlined in document IDB.27/21.

68. With reference to the medium-term programme framework, 2004-2007, he hoped that the ongoing review of technical cooperation delivery services would be completed shortly and would serve to align the programmes more closely with their intended objectives, priorities and guidelines. He noted the Director-General's proposal that the existing eight service modules should continue to provide the framework for the services of the Organization in the near future.

69. **Mr. REZVANIAN RAHAGHI** (Islamic Republic of Iran) said that productivity growth was one of the main means of achieving development objectives, and that UNIDO services must focus more on enhancing productivity, while taking into account social and environmental aspects. Nevertheless, the Organization's efforts to develop a limited number of thematic initiatives aimed at providing specialized assistance to developing countries and countries with economies in transition was to be commended. Given the usefulness of developing an SME policy framework, particularly for women and for people living in rural areas, UNIDO should step up its activities in the area and recommend appropriate institutional arrangements to further SME policy measures and support programmes. Training courses on SME cluster development for policy makers and practitioners with a view to introducing cleaner and more efficient production methods could be very beneficial.

70. UNIDO had an important role to play in supporting capacity-building measures in connection with the implementation of the Climate Change Convention, the Kyoto Protocol and the Stockholm Convention on Persistent Organic Pollutants. Such involvement could lead to increased cooperation with many developing countries through expanded opportunities for GEF-funded projects. UNIDO's comparative advantage in some of those areas would enhance its profile worldwide.

71. He commended UNIDO initiatives to develop a strong rural energy programme, but considered that much more could be done. Programmes on renewable energy sources and providing rural off-grid communities with access to income-generating activities were some issues which UNIDO should work on. However, cleaner and advanced fossil fuels and the relevant technologies should not be underestimated by UNIDO in its activities, given high fossil-fuel consumption among poorer communities and its effects on health and the environment.

72. With regard to the medium-term programme framework, 2004-2007, he said that maximum effort should be made to ensure that it was based on the Business Plan and the strategic guidelines. It should also take into account the results of the review process under way as well as the international development objectives set by the Millennium Declaration, the Monterrey International Conference on Financing for Development and the World Summit on Sustainable Development. He hoped that due attention would also be paid to improving the coverage and effectiveness of services as well as responding to the changing needs of client countries. As for the thematic initiatives launched recently, an important factor to be taken into consideration was the potential offered by neighbouring countries and regions. That would not only foster political and economic ties but also facilitate access to financial and technological resources and services required for project implementation.

73. **Ms. FAJARDO DIAZ** (Cuba) welcomed the progress made in preparations for the Global Biotechnology Forum. UNIDO was well placed to take the lead in the field of biotechnology, particularly with

respect to agro-industry. It was thanks to UNIDO assistance dating back 20 years that Cuba had moved from being a recipient country to one that was now able to provide support in the field of biotechnology to the Organization and the international community. Cuba's experience could be repeated in other countries and regions. Cuba had contributed to preparations for the Forum by providing high-level scientific input and through its active participation at the regional preparatory meeting in Brazil. It was committed to the Forum and looked forward to the active participation of other Member States with delegations at an appropriate level. Under UNIDO leadership, biotechnology could prove a useful tool for the developing and developed world alike in tackling problems in various sectors, including food and health.

74. **Ms. CARRASCO MONJE** (Bolivia) said that the efforts of UNIDO directed towards supporting development strategies in the developing countries based on trade, new technologies and specialized technical assistance would help to further the global fight against poverty. She thanked the Managing Directors for information provided on the financial situation, technical cooperation and changes in the human resources management of the Organization. UNIDO had played an important role in different international forums with innovative ideas on harmonizing international trade and seeking equal opportunities.

75. Following the visit of the Bolivian Minister for Foreign Affairs and Worship to UNIDO in April 2003, relations between the Organization and her country had been relaunched with the implementation under the new Integrated Programme for Bolivia of a project concerning technological innovation for the processing of camelid-fibre textiles. Its main objective was to increase significantly the income of camelid breeders and individuals and small enterprises involved in the production, processing and marketing of camelid products. It was also intended to disseminate know-how and technology for a more efficient management of the supply and demand, thereby ensuring bettering marketing and export of camelid products. Another important aspect of the project was the introduction of more environmentally friendly means of production and processing.

76. Through the project, Bolivia would have easier access to the tariff advantages granted by the United States under the Andean Trade Promotion and Drug Eradication Act, which would have a significant social impact on rural areas, particularly the underdeveloped Bolivian Altiplano. Bolivia was satisfied with its renewed cooperation with UNIDO and hoped to be able to inform the Board and General Conference shortly about concrete results of projects being implemented.

77. **Mr. BENSELLAM** (Morocco), referring to agenda item 6 (a), reaffirmed Morocco's full support for the holding of a Global Biotechnology Forum in 2004 and welcomed the conclusions reached by the preparatory meetings that had been held. He stressed the importance of the application of biotechnology to increase the productivity, competitiveness and quality of industrial production in developing countries.

78. With regard to item 7, he said that the medium-term programme framework, 2004-2007, must be accompanied by initiatives relating to market access, rural energy and the rehabilitation of countries emerging from crisis situations. Based on the Business Plan and strategic guidelines adopted, the programme framework should also take account of the Millennium Development Goals and the recommendations of development conferences including the Third United Nations Conference on the Least Developed Countries, the Monterrey Conference and WSSD. He endorsed the initiative to provide special support to SMEs aimed at encouraging partnerships between the public and private sectors on technical cooperation matters.

79. **Mr. BETTI BERUTTO** (Italy), referring to agenda item 6 (b), said that he would like to say something about the relationship between the International Centre for Genetic Engineering and Biotechnology and the Global Biotechnology Forum. ICGEB was an independent intergovernmental organization with premises in Trieste and New Delhi, dedicated to research and training in the field of biotechnology, with special attention to the needs of the developing countries. Under a cooperation agreement approved in 1996, it maintained strong links with UNIDO, providing for consultations and exchange of information as well as joint activities in the areas of biotechnology, biosafety and bioethics. ICGEB was recognized by UNIDO as implementing agency for its activities concerning the technical and scientific aspects of biotechnologies and was one of the most advanced and up-to-date institutions in that specific area. For those reasons, one would have expected ICGEB to have been fully involved in preparations for the Forum from the outset. Although the Director-General of ICGEB had been invited to participate in his personal capacity in the International Steering Committee in charge of preparatory activities, that had not been followed up by any substantial involvement of the Centre in defining the tasks and scientific mandate of the Forum. The event would be an excellent occasion for providing the international community with important tools for the safe use of biotechnologies and their industrial applications. ICGEB could ensure scientific and technological follow-up to the Forum. UNIDO could take advantage of ICGEB experience in regard to analysis of the needs of the less developed countries, its training activities for scientists from the developing world and technology transfer. Italy was convinced that

ICGEB's involvement would contribute to the success of the Forum and requested the Secretariat to take the necessary steps to that end.

80. **The PRESIDENT** said that the organizers of the Global Biotechnology Forum were counting on the participation of ICGEB, which was acknowledged worldwide for its high scientific and professional standards. The Secretariat would take note of the Italian delegation's request and take the necessary steps as appropriate.

81. **Mr. KIM Chong-hoon** (Republic of Korea), referring to agenda item 6, commended UNIDO on the numerous activities undertaken in implementing the medium-term programme framework, 2002-2005, including those aimed at strengthening industrial capacities and achieving cleaner and more sustainable industrial development. He would appreciate it if the Secretariat would develop its reporting practice further in order to facilitate the objective assessment of the impact of such activities. He welcomed trade facilitation programmes to help developing countries meet quality and standards requirements and overcome technical barriers to trade, as well as continuing efforts in the area of investment promotion. Special training programmes to set up investment agencies and the work of the Investment and Technology Promotion Offices were particularly important. Also commendable was cooperation with financial institutions to follow up investment opportunities generated by UNIDO programmes. The Organization's initiatives relating to the promotion of technology transfer, especially in the fields of agro-related technology information and communications technology and biotechnology, were also welcome.

82. He endorsed UNIDO's view as to the increasing importance of SMEs in reducing poverty, and commended the policy of taking the special needs of SMEs into account and promoting women's and rural entrepreneurship as a way of fostering socio-economic development in developing countries. Of particular importance in assisting SMEs were the programmes focusing on cluster and network development to promote business partnerships in the private and public sectors.

83. Global forum activities had made a valuable contribution to UNIDO activities by strengthening its analytical capacity in the area of technical cooperation. He stressed the importance of periodic updates on the industrial development situation and key industrial statistics on all countries.

84. Referring to agenda item 6 (a), he welcomed the report on the progress of preparations for the Global Biotechnology Forum and recognized UNIDO's leading role in biotechnology in developing countries and transition economies. The Forum would create new opportunities for cooperation in the area and be a decisive factor in improving social welfare and ensuring environmental sustainability worldwide.

85. **Mr. RIPANDELLI** (International Centre for Genetic Engineering and Biotechnology) said that biotechnology offered extraordinary opportunities for solving problems related to health, nutrition and economic development, but that there was also concern about its possible impact on the environment, human dignity, local economies and traditional production methods. It was therefore essential to develop the capacities of developing countries in the field of biotechnology, while offering a forum for debate on the subject, to ensure that those countries could benefit from the advantages of biological research and address their problems in a safe and sustainable way. Issues provoking such controversial reactions as biotechnology had to be addressed with a maximum degree of neutrality. Technological oversight, risk assessment activities and risk management were therefore of vital importance, and developing countries needed to develop the capabilities to address those issues.

86. A Global Biotechnology Forum aimed at identifying the needs, constraints and difficulties facing developing countries in accessing modern biotechnologies was a laudable initiative, and he welcomed the acknowledgement in document IDB.27/15 of the experience gained by UNIDO in establishing, for that same purpose, the International Centre for Genetic Engineering and Biotechnology (ICGEB). The Centre was now an autonomous intergovernmental organization operating in close contact with other organizations in the United Nations system as a centre of excellence for research and training, with a special focus on the needs of developing countries and countries with economies in transition. The Centre was at the forefront of international scientific research in the fields of human health, agriculture, industrial development and basic science, and provided assistance on major biotechnology issues. ICGEB was a true success story for UNIDO, and had always enjoyed a close relationship with the Organization. It had decided to maintain its privileged relationship with UNIDO when it had become independent in 1996. An agreement had been signed between the two organizations providing for active collaboration and avoiding duplication of activities. In that connection, the two Secretariats had collaborated on technology foresight, particularly within the framework of the Technology Foresight Summit held in Budapest, Hungary, in March.

87. The Global Biotechnology Forum was an initiative of the greatest relevance. The Director-General of ICGEB had participated in the work of the International Steering Committee of the Forum, whose

members were committed to assisting the Government of Chile and UNIDO in their endeavour. ICGEB as an institution should also provide its own assistance. That would be in line with the agreement between ICGEB and UNIDO and the recommendation of ICGEB's Board of Governors that the Centre should be present at the Forum in its capacity as an international organization and play an active role in follow-up activities. ICGEB stood ready to provide UNIDO and its Member States with any assistance required to contribute to the success of the Forum.

88. **The PRESIDENT** said that there had never been any doubt about the Centre's participation in the Forum.

INTERNATIONAL CENTRE FOR SCIENCE AND HIGH TECHNOLOGY (IDB.27/22)

89. **Mr. MORENO** (Italy), speaking on behalf of the European Union and the acceding and associated countries, said that the EU had taken note of the Director-General's report and was fully aware of the strengthened project-oriented strategy of the International Centre for Science and High Technology, which had been presented during the visit of Permanent Representatives to Trieste in September 2002 and the follow-up meeting held in Vienna. It was to be hoped that the project portfolios circulated among Member States would generate interest in possible funding, and the EU would like to be informed of developments in that regard before the forthcoming session of the General Conference. In order to consolidate its new project-oriented strategy, ICS would benefit from a statute, and a draft, modelled on statutes of other international organizations, had been approved by the Italian Government and submitted to UNIDO for clearance. It should be circulated among Member States with a view to possible consideration by the General Conference session.

90. **Mr. URRUELA PRADO** (Guatemala), speaking on behalf of the Group of 77 and China, encouraged the Secretariat to continue its cooperation with the International Centre for Science and High Technology, keeping Member States informed of the results of work in the areas of the selection, transfer and utilization of technology for the benefit of developing countries.

91. **Mr. LAL** (India), speaking on behalf of the Asian Group, welcomed the efforts to create synergy in the implementation of ICS and UNIDO programmes. The increasing cooperation was to be supported and the Group wished to encourage initiatives aimed at promoting programmes developed by ICS, such as the conference organized in Trieste in September 2002. The Group attached great importance to UNIDO's role in the transfer of technology to the developing countries and to countries with economies in transition, and recognized the need to establish centres of excellence for technology, focusing on national priority programmes and consistent with the integrated programmes.

92. **Mr. URRUELA PRADO** (Guatemala), speaking on behalf of the Latin American and Caribbean Group, requested UNIDO to continue working closely with the Centre and to keep Member States informed of the results achieved in the selection, transfer and use of technology for the developing countries. Noting the great potential of the Centre for less developed countries, including many in Latin America, he thanked the Government of Italy for its kindness in enabling Permanent Representatives to visit the Centre.

93. **Mr. FOSU** (Ghana) expressed satisfaction that the motivation for the establishment of the Centre had been the promotion of and assistance in the development, selection, transfer and use of technology in favour of developing countries and economies in transition. He welcomed the requests of several developing countries that ICS should promote projects for the establishment of technological centres of excellence focusing on national priority programmes and consistent with UNIDO's integrated programmes.

94. In the area of earth, environmental and marine sciences and technologies, scientific support should be given to the promotion of traditional medicine in Africa to boost health delivery and export. Developing countries as a whole and Africa in particular should take advantage of the Centre to promote the transfer of technology and put an end to the deficiency of technological development in the region. For the sake of its development, Africa must harness new and emerging technologies. ICS focused on new technologies that could reduce hunger and food insecurity and fight diseases. Such technologies could enable Africa to combat the devastation caused by HIV/AIDS, malaria and tuberculosis—the three leading causes of death in Africa. The adoption of new technologies should, however, be properly managed, through careful planning by regional and international organizations, Governments, the private sector and civil society, in order to minimize the risks. Given the right circumstances, advances in and dissemination of technology could further Africa's development. He hoped that, with UNIDO's assistance, that aim could be achieved.

The meeting rose at 6.05 p.m.